

Essentials of
Services Marketing
3rd Edition



8 Designing **SERVICE PROCESSES**

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Learning Objectives

- 8.1 Know the difference between a service experience and a service process.
- 8.2 Tell the difference between flowcharting and blueprinting.
- 8.3 Develop a blueprint for a service process with all the typical design elements in place.
- 8.4 Understand how to use fail-proofing to design fail points out of service processes.
- 8.5 Know how to set service standards and performance targets for customer service processes.

Learning Objectives

8.6 Appreciate the importance of consumer perceptions and emotions in service process design.

8.7 Explain the necessity for service process redesign.

8.8 Understand how service process redesign can help improve both service quality and productivity.

8.9 Understand the levels of customer participation in service processes.

8.10 Be familiar with the concept of service customers as “co-creators” and the

Learning Objectives

8.11 Understand the factors that lead customers to accept or reject new self-service technologies (SSTs).

8.12 Know how to manage customers' reluctance to change their behaviors in service processes, including the adoption of SSTs.

Designing Service Processes

8.1

Know the difference between a service experience and a service process.

What is a service process?

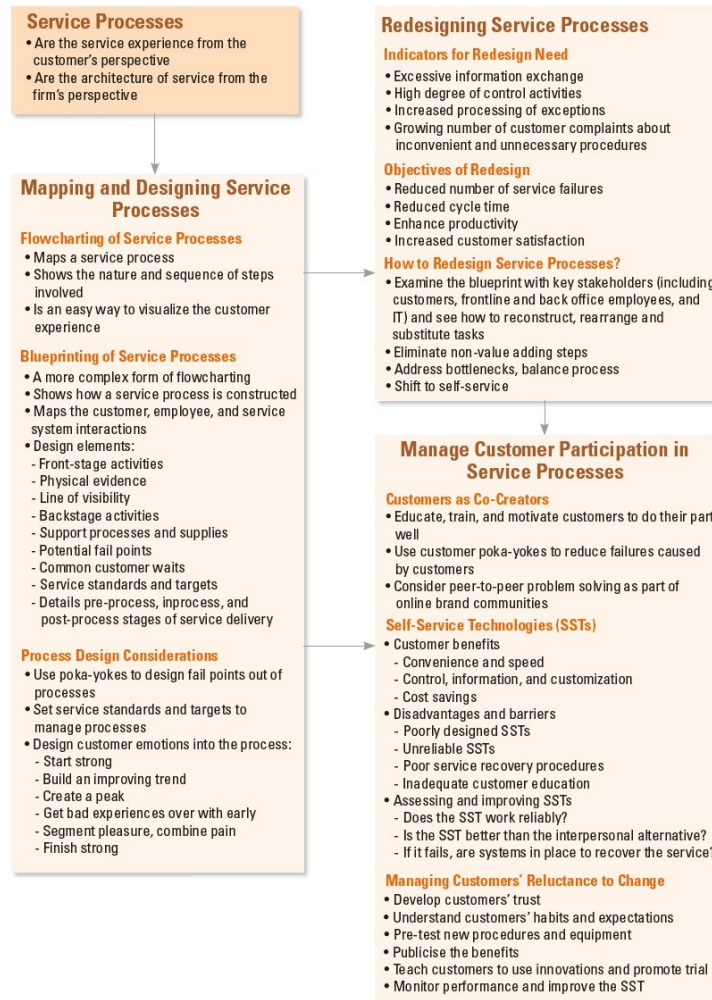


Figure 8.2 Chapter overview: Designing and managing service processes.

Designing Service Processes

8.2

Tell the difference between flowcharting and blueprinting.

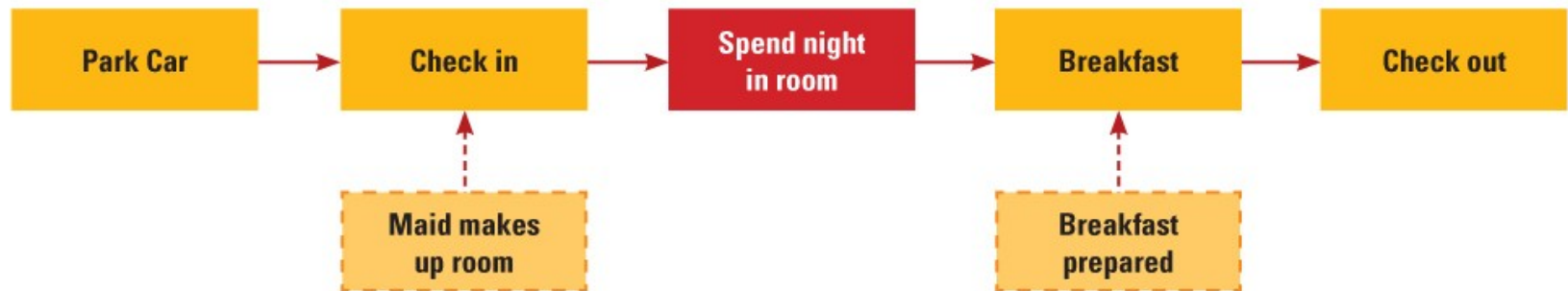
Flowcharting service delivery

- Technique for displaying the nature and sequence of the different steps in delivery service to customers.
- Offers way to understand total customer service experience
- Shows how nature of customer involvement with service organizations varies by type of service:
 - People processing
 - Possession processing
 - Mental Stimulus processing
 - Information processing

Flowcharting service delivery

Simple Flowchart for Delivery of a People-Processing Service

PEOPLE PROCESSING—STAY AT MOTEL



Flowcharting service delivery

Simple Flowchart for Delivery of a Possession-Processing Service

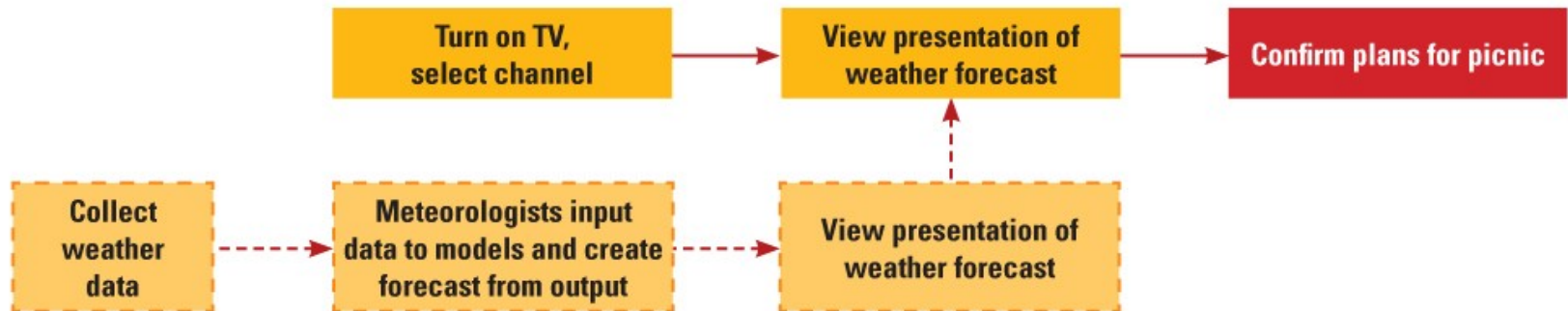
POSSESSION PROCESSING—REPAIR A DVD PLAYER



Flowcharting service delivery

Simple Flowchart for Delivery of a Mental Stimulus Processing Service

MENTAL STIMULUS PROCESSING—WEATHER FORECAST



Flowcharting service delivery

Simple Flowchart for Delivery of a Information-Processing Service

INFORMATION PROCESSING - HEALTH INSURANCE



Designing Service Processes

8.3

- Develop a blueprint for a service process with all the typical design elements in place.

Develop a blueprint for a service process

- Developing a Blueprint:
 - Identify key activities in creating and delivering service
 - Define “big picture” before “drilling down” to obtain a higher level of detail
- Advantages of Blueprinting:
 - Distinguish between “frontstage” and “backstage”
 - Clarify interactions between customers and staff, and support by backstage activities and systems
 - Identify potential fail points; take preventive measures; prepare contingency
 - Pinpoint stages in the process where customer commonly have to wait

Develop a blueprint for a service process

- Key Components of a Service Blueprint:
 - Define standards for front-stage activities
 - Specify physical evidence
 - Identify main customer activities
 - Line of interaction (customer and front-stage personnel)
 - Frontstage actions by customer contact personnel
 - Line of visibility (between front stage and backstage)
 - Backstage actions by customer contact personnel
 - Support processes involving other service personnel
 - Support processes involving IT



Develop a blueprint for a service process

A Three-Act Performance (1)

- Act 1: Introductory Scenes
- Act 2: Delivery of Core Product:
 - Cocktails, seating, order food and wine, wine service
 - Potential fail points: Menu information complete? Menu intelligible? Everything on the menu actually available?
 - Mistakes in transmitting information a common cause of quality failure – e.g. bad handwriting; poor verbal communication
 - Customers may not only evaluate quality of food and drink, but how promptly it is served, serving staff attitudes, or style of service

Develop a blueprint for a service process

A Three-Act Performance (2)

- Act 3: The Drama Concludes:
 - Remaining actions should move quickly and smoothly, with no surprises at the end
 - Customer expectations: accurate, intelligible and prompt bill, payment handled politely, guests are thanked for their patronage



Designing Service Processes

8.4

Understand how to use fail-proofing to design fail points out of service processes.

How to use fail-proofing

Improving Reliability of Processes by Failure Proofing

- Identify fail points
- Analysis of reasons for failure often reveals opportunities for failure proofing to reduce/eliminate future risk of errors
- Need fail-safe methods for both employees and customers
- Have poka-yokes to ensure service staff do things correctly, as requested, or at the right speed
- Customer poka-yokes focus on preparing the customer for:

Designing Service Processes

8.5

Know how to set service standards and performance targets for customer service processes.

Service standards and performance targets

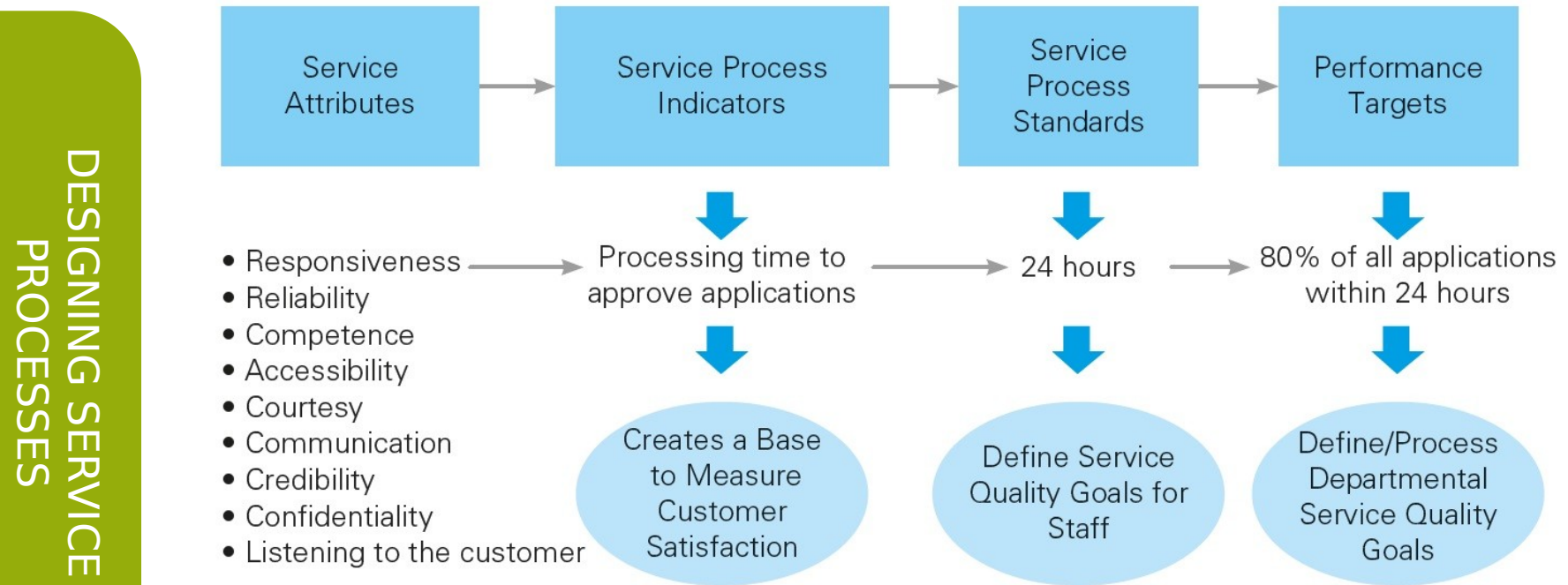


Figure 8.10 Setting standards and targets for customer-service processes.

Designing Service Processes

8.6

- Appreciate the importance of consumer perceptions and emotions in service process design.

The importance of consumer perceptions and emotions

- Key principles for sequencing service encounters:
 - Start strong
 - Build an improving trend
 - Create a peak
 - Get bad experiences over with
 - Segment pleasure, combine pain
 - Finish strong



Designing Service Processes

8.7

Explain the necessity for service process redesign.

The Necessity for Service Process Redesign

- Indications that processes are not working well and need to be redesigned:
 - Extensive information exchange
 - Data that is not useful
 - High ratio of checking or control activities to value-adding activities
 - Increased exception processing
 - Customer complaints about inconvenient and unnecessary



Designing Service Processes

8.8

- Understand how service process redesign can help improve both service quality and productivity.

How service process redesign improves service quality and productivity

- Redesign efforts typically focus on

- Reduced number of service failures
- Reduced cycle time from customer initiation of a service process to completion
- Enhanced productivity
- Increased customer satisfaction

- Service process redesign often involves:

- Examining the service blueprint with key stakeholders
- Eliminating non-value-adding steps
- Addressing bottlenecks in the process
- Shifting to self-service



Designing Service Processes

8.9

Understand the levels of customer participation in service processes.

Levels of customer participation

- Customer Participation
 - Actions and resources supplied by customers during service production and/or delivery
 - Includes mental, physical, and even emotional inputs



Designing Service Processes

8.10

Be familiar with the concept of service customers as “co-creators” and the implications of this perspective.

Service customers as “co-creators”

- Customers can influence productivity and quality of service processes and outputs
- Customers not only bring expectations and needs, they also need to have relevant service production competencies
- Customers also need to be recruited as they are “partial employees”. Firms need to get those with the skills to do the tasks
- For the relationship to last, both parties need to cooperate with each other

Designing Service Processes

8.11

- Understand the factors that lead customers to accept or reject new self-service technologies (SSTs).

Customer Benefits and Adoption of Self-Service Technology

- Key advantages:
 - Greater convenience, including time savings, faster service, flexibility of timing, and flexibility of location
 - Greater control over service delivery, more information, and higher perceived level of customization
 - Lower prices and fees
- People hate SSTs when:
 - SSTs fail—the system is down, PIN numbers not accepted,
 - Poorly designed technologies that make service processes difficult to understand and use
 - they mess up—forgetting passwords; failing to provide information as requested; simply hitting



Customer Benefits and Adoption of Self-Service Technology

- Assessing and Improving SSTs:
 - Does the SST work reliably?
 - Is the SST better than the inter-personal alternative?
 - Are there any barriers to the service if the



Designing Service Processes

8.12

Know how to manage customers' reluctance to change their behaviors in service processes, including the adoption of SSTs.

Managing customers' resistance

Steps to reducing customer reluctance to change:

- Develop customer trust.
- Understand customers' habits and expectations.
- Pre-test new procedures and equipment.
- Publicize the benefits of changes.
- Teach customers to use innovations and promote trial.
- Monitor performance and continue to seek improvements.

Thank You.